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## **OLR Bill Analysis**

### **sHB 6145**

#### ***AN ACT CONCERNING EXPANSION OF THE CONNECTICUT IDA INITIATIVE.***

##### **SUMMARY:**

This bill makes several changes to the Individual Development Account (IDA) program and appropriates \$100,000 from the Banking Fund to the Department of Labor (DOL) for the program.

The IDA program helps low-income people build assets. DOL oversees the program, which is administered at the local level by participating community-based organizations.

The bill allows program participants to use money saved in IDAs for a variety of specified purposes, instead of being limited to one use, as under current law. The specified purposes include:

1. obtaining education or job training,
2. purchasing a home,
3. starting a business or joining an existing one,
4. buying a car for work,
5. making a lease deposit, or
6. paying for a child's education or job training.

Under the program, the state matches a maximum of \$2 for every \$1 a low income participant contributes up to a limit of \$1,000 a year (\$3,000 maximum per participant).

The bill also changes the income eligibility level. Under current law, an eligible individual must come from a household with an adjusted gross income of 80% or less of the area median household income

(MHI). The bill increases this threshold to 200% of the area MHI.

Additionally, the bill requires that the state matching IDA funds forfeited by an IDA account holder be kept in the local reserve fund for a new account holder to use, instead of being returned to DOL's IDA reserve fund. It also requires that state matching IDA funds be returned to the IDA reserve fund if they remain unused after five year for any reason, rather than just because the IDA participant stopped making contributions.

EFFECTIVE DATE: Upon passage

## **BACKGROUND**

### ***Related Bill***

sHB 6433 (File 132), favorably reported by the Labor Committee, makes the same changes to the IDA program, but it does not (1) change the income eligibility level or (2) appropriate \$100,000 for the program.

## **COMMITTEE ACTION**

Labor and Public Employees Committee

Joint Favorable

Yea 10 Nay 0 (03/19/2013)